

HOW TO READ A
BUDGET SHEET:
A WORKSHOP FOR
LEGISLATORS AND STAFF
2011

OFFICE OF FISCAL ANALYSIS

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Statement of Purpose:

This workshop is intended to give members of the General Assembly, especially those serving on the Appropriations Committee, guidance on how to understand the agency budget sheets that are produced by OFA and a glossary of definitions for commonly-used budget terms.

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Why are budget sheets important?

- Budget is the primary tool of public policy
- Budget sheets are key to understanding the budget
 - Explain the impact of policy changes on programs and agencies
 - Compare executive and legislative proposals
- Budget sheets reflect legislative intent:
 - Authorized position count
 - Budget change explanations
 - Other significant legislation affecting agencies' budgets
- Budget sheets provide a record at each stage of the budget development process:
 - Agency Budget Hearings
 - Appropriations Subcommittee Reports to Chairpersons
 - Chairpersons' and Legislative Changes
 - Appropriations Committee Report
 - Final Appropriations (including implementers)

Budget sheets have two sections:

- Summary Section
 - Four-year perspective on expenditures
 - Position count
 - Appropriated Funds expenditures by line item (PS, OE, Equipment, OCE)
 - Other sources of funding for agency
- Budget Changes Section
 - Current Services Adjustments (technical changes)
 - Policy Revision Adjustments (policy changes)

How the budget is built:

Current Year Estimated Expenditures	+/- Current Services Adjustments	+/- Policy Adjustments	= Governor's Recommended Budget	+/- Legislative Changes	= Final Adopted Budget
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ANATOMY OF A BUDGET SHEET

The numbers below refer to explanations that appear on the following page.

Sample State Agency

AGN00000

SUMMARY SECTION

	Actual Expenditure FY 10	Estimated FY 11	Governor Recommended FY 12	Governor Recommended FY 13	Legislative FY 12	Legislative FY 13
6 → POSITION SUMMARY						
Permanent Full-Time	32	37	35	35	35	35
Permanent Full-Time - OF	8	7	7	7	7	7
7 → BUDGET SUMMARY						
Personal Services	2,381,601	2,805,199	2,780,000	2,780,000	2,780,000	2,780,000
Other Expenses	236,995	470,749	369,770	369,770	236,995	236,995
Equipment	0	0	95	95	95	95
Other Current Expenses						
Training and Education	79,378	90,500	94,967	100,692	94,967	100,692
Other Than Payments to Local Governments						
Coupon Program	106,600	112,600	115,300	119,900	115,300	119,900
Agency Total - General Fund	2,804,574	3,479,048	3,360,132	3,370,457	3,227,357	3,237,682
8 → Additional Funds Available						
Federal Contributions	408,815	163,815	163,815	163,815	163,815	163,815
Bond Funds	765,256	733,292	733,292	733,292	733,292	733,292
Private Contributions	950,146	950,146	950,146	950,146	950,146	950,146
Agency Grand Total	4,928,791	5,326,301	5,207,385	5,217,710	5,074,610	5,084,935

BUDGET CHANGES SECTION

	Governor Rec. FY 12 Amount	Governor Rec. FY 13 Amount	Leg FY 12 Amount	Leg FY 13 Amount	Difference Leg-Gov12 Amount	Difference Leg-Gov13 Amount
12 → BUDGET CHANGES SUMMARY						
FY 11 Agency Estimated Expenditures - GF	3,479,048	3,479,048	3,479,048	3,479,048	0	0
Current Services Adjustments	48,063	58,388	48,063	58,388	0	0
Current Services Totals	3,527,111	3,537,436	3,527,111	3,537,436	0	0
Policy Adjustments	(166,979)	(166,979)	(299,754)	(299,754)	(132,775)	(132,775)
Total Recommended - GF	3,360,132	3,370,457	3,227,357	3,237,682	(132,775)	(132,775)

BUDGET CHANGES DETAILS

FY 11 Agency Estimated Expenditures - GF	3,479,048	3,479,048	3,479,048	3,479,048	0	0
13 → Current Services Adjustments						
Inflation and Non-Program Changes -(B)						
Personal Services	40,801	40,801	40,801	40,801	0	0
Other Expenses	9,668	9,668	9,668	9,668	0	0

	Governor Rec. FY 12 Amount	Governor Rec. FY 13 Amount	Leg FY 12 Amount	Leg FY 13 Amount	Difference Leg-Gov12 Amount	Difference Leg-Gov13 Amount
Equipment	100	100	100	100	0	0
Training and Education	4,467	10,192	4,467	10,192	0	0
Coupon Program	2,700	7,300	2,700	7,300	0	0
Total - General Fund	57,736	68,061	57,736	68,061	0	0

14a → Reduce Funding to Reflect the Rollout of the FY 11 Recissions -(B)

The Governor initiated four rounds of rescissions in FY 11 totaling \$178.2 million in General Fund and \$31.4 million in Other Funds. The Governor's FY 12 - FY 13 Biennial Budget includes the rollout of some of these FY 11 rescissions across various agencies.

14c → (Governor) Funding of \$9,673 is reduced in FY 12 and FY 13 to reflect the rollout of the Governor's FY 11 rescissions.

14d → (Legislative) Same as Governor

Other Expenses	(9,668)	(9,668)	(9,668)	(9,668)	0	0
Equipment	(5)	(5)	(5)	(5)	0	0
Total - General Fund	(9,673)	(9,673)	(9,673)	(9,673)	0	0
Current Services Adjustments Subtotals	48,063	58,388	48,063	58,388	0	0
Current Services Totals - GF	3,527,111	3,537,436	3,527,111	3,537,436	0	0

15 → Policy Revision Adjustments

Reduce Funding for Satellite Offices -(B)
(Legislative) Funding for Other Expenses in the satellite offices in Bridgeport and Norwich is removed, resulting in a savings of \$34,208 in FY 12 and FY 13.

Other Expenses	0	0	(34,208)	(34,208)	(34,208)	(34,208)
Total - General Fund	0	0	(34,208)	(34,208)	(34,208)	(34,208)
Policy Adjustments Subtotals	(166,979)	(166,979)	(299,754)	(299,754)	(132,775)	(132,775)
Total Recommended - GF	3,360,132	3,370,457	3,227,357	3,237,682	(132,775)	(132,775)

16 → OTHER SIGNIFICANT 2010 LEGISLATION AFFECTING THE AGENCY'S BUDGET

PA 11-500, AAC Student Coupons for Books, allows eligible students participating in the Coupon Program to apply for coupons on certain school books. This added \$1,000 in additional cost to the agency's coupon book program.

Explanation

1 Core Code: The Comptroller's Core-CT unique identifier for the agency. Core-CT is the state's accounting system.

SUMMARY SECTION

2 Actual Expenditures in the prior fiscal year. This column provides a historical perspective for comparison with the other three fiscal years shown on the budget sheet.

3 Estimated Expenditures for the current fiscal year. The estimates are from the Governor's recommended budget that is released in February.

4 Governor's Recommended: A line-item summary of the budget proposed by the Governor for the agency. These figures reflect the budget changes proposed by the Governor, which are described in the Policy Revision Adjustments section of the budget sheet.

5 Legislative action: A line-item summary of the decisions made at various stages in the budget process. This sample budget sheet shows the final appropriations for the biennium as it would appear in the OFA Budget Book

Please note that these "final appropriations" do not reflect the actual amount that the agency can expend because of various savings requirements such as mandated lapses.

6 Position Summary: The maximum full time staffing levels for the agency. Agencies cannot exceed the number of positions shown under these columns, except upon the recommendation of the Governor and the approval of the Finance Advisory Committee¹.

- The first entry is for positions financed through the General Fund.
- The second entry, "Other Funds" (OF), includes positions funded by federal, private, or non-appropriated special funds.

7 Budget Summary: A summary of the line items that comprise the agency's operating budget:

- Personal Services, Other Expenses, and Equipment are common to all state agencies and
- Other Current Expenses (OCE) accounts are unique to that agency
- Other items like Grants and Other Than Payments to Local Governments may be included, depending on the agency

8 Additional Funds Available: Federal, private and special non-appropriated state funds that are available to the agency in addition to state appropriations. Federal funds reflect the most current estimate but the amount is subject to change based on new federal legislation and administrative regulations.

BUDGET CHANGES SECTION

These columns compare the Governor's Recommended vs. Legislative Action:

9 Governor's Recommended

10 Legislative action

11 Difference Legislative - Governor

12 Budget Changes Summary: The sum of the Current Services Adjustments and Policy Revision Adjustments made to the agency's operating budget in the biennium.

Current Services: The amount required to provide the same level of services in the succeeding fiscal year as in the current fiscal year plus any scheduled or required changes.

¹ Constituent units of the State System of Higher Education are exempted from this provision.

13 Current Services Adjustments: Technical changes to agency expenditures that have no policy implications. The legislative action is generally “Same as Governor”. Such adjustments may include:

- Inflation
- Non-Program Changes:
 - Workload or caseload increases
 - Personal Services adjustments like accumulated leave and annual wage increases
 - Annualization of programs funded for less than 12 months in the prior fiscal year
- Rollout of prior year adjustments and rescissions
- Terminating funding for completed projects

Components of a Budget Write-up

14a Title – A brief explanation of the action being taken

14b Background Write-up – A summary of underlying issues, requirements and programs that provide the information needed to understand the Governor’s and Legislative write-ups.

14c Governor write-up – a short explanation of the action proposed by the Governor.

- It is included only when the action originates from the Governor.
- It may include information to help the reader understand the Governor’s proposal.

14d Legislative write-up – a short explanation of the action taken by the Legislature. The four types of options for legislative action include:

- Agreement with the Governor’s proposal
- Disagreement (elimination) with the Governor’s proposal
- Alteration of the Governor’s proposed action
- Initiation of a new budget change. This option does not have a Governor write-up because it was not proposed by the Governor.

15 Policy Revision Adjustments: - budgetary changes that deal with policy issues such as:

- New or expanded programs
- Reduction in the scope of existing programs
- Elimination of a program
- Transfer of programs to other state agencies
- Changes in the method of funding a state operation

16 Other Significant Legislation Affecting the Agency’s Budget: a summary of significant legislation that has a fiscal impact on the agency such as:

- New programs for which no funding has been provided
- Legislation that may have a future impact beyond the biennium

GLOSSARY OF BUDGET TERMS

Account/Major Object: agency funds are appropriated by account (also known as major object). For example, Personal Services and Other Expenses are major objects and are defined below. An agency has discretion to make expenditures within a major object as the agency sees fit (except as specifically directed by legislative intent or executive authority). Minor objects are the subcategories of accounts. For example, Other Expenses has a multitude of minor objects such as "Utilities." Minor objects are not visible in this document or the appropriations act but are visible in more detailed financial schedules.

Agency Program: an activity or group of activities that have a common element. The program either: (1) achieves the same goal or serves the same purposes; (2) serves slightly different purposes but is performed by the same type of employees; or (3) provides similar services to the same target population. For example the Department of Agriculture administers the Connecticut Grown Product Promotion Program, which provides funding for the state's locally grown products through several marketing venues.

Allotment: a portion of an appropriation or special fund made available by the executive to cover projected costs for a certain period or purpose. OPM usually allots appropriated funds to agencies on a quarterly basis.

Annualization of Partial Year Costs/Funding: partial year funding occurs in the first year of implementation of a program, when resources are provided for less than a 12-month period. Annualization of partial year costs or funding refers to providing the amount of resources necessary to fund a full 12-month period of the operation in the second year of the program.

Appropriation: an authorization by the General Assembly to make expenditures (spend) and incur liabilities for a specific purpose. The General Assembly appropriates the following ten funds: the General Fund, the Special Transportation Fund, the Mashantucket Pequot and Mohegan Fund, the Soldiers, Sailors and Marines' Fund, the Regional Market Fund, the Banking Fund, the Insurance Fund, the Consumer Counsel and Public Utility Control Fund, the Workers' Compensation Fund, and the Criminal Injuries Compensation Fund.

Appropriations Committee: composed of fifty-five members, responsible for reviewing all expenditure related matters, and producing a final committee budget to be voted on by both chambers and ultimately submitted to the Governor. The committee is divided into 13 subcommittees that review individual agency budgets and make recommendations. The subcommittees are: (1) Legislative, (2) General Government A, (3) General Government B, (4) Regulation and Protection, (5) Conservation and Development, (6) Health and Hospitals, (7) Transportation, (8) Human Services, (9) Higher Education, (10) Elementary and Secondary Education, (11) Judicial and Corrections, (12) Collective Bargaining, and (13) Results Based Accountability.

Budget Act: a legal document that is approved by both houses of the General Assembly and signed by the Governor. It is divided into three sections: (1) the front of the budget, (2)

estimated revenues for the period covered by the budget act and (3) back of the budget language.

(1) The front of the budget is a listing of accounts and associated funding levels (appropriations) to finance state agency operations over a specific period of time. In the first year of the biennium, it appropriates funds for the next two years and in the second year it makes revisions and adjustments to the budget adopted in the previous year.

(2) The revenue estimates indicate the amount of financial resources that are expected to be available to pay for the state's operations over the period covered by the spending plan. By law, the legislature must pass a balanced budget in which projected expenditures are equal to estimated revenue. The estimates included in the budget act must first be adopted by the Finance, Revenue and Bonding Committee.

(3) Back of the budget refers generally to anything not in (1) or (2) above. The listing of appropriations and revenue estimates is necessary for a budget, the back of the budget language may not be. The back of the budget contains various provisions that reflect the intent of the budget drafters. Such provisions could include the redirection of previously appropriated funds, transfers between funds, carry forwards of funds from one fiscal year to another, changes to statutory language for spending programs like grant payments to towns, and/or any technical and conforming changes needed to enact the budget.

Budget Narrative: a written portion of the budget document (this book) that is used to explain provisions of the budget.

Budget Options: expansions, reductions or reallocations to the "current services" level of specific programs that are proposed by agencies and sent to OPM for approval. OPM may or may not decide to include these options in the Governor's Recommended Budget.

Budget Reserve Fund (BRF)/(Rainy Day Fund): a contingency fund in which surplus money is set aside to be drawn upon in case of a future budget deficit. Connecticut's BRF contains unappropriated General Fund dollars designated to be surplus by the Comptroller after the close of the fiscal year. The maximum level of the BRF is 10% of net General Fund appropriations for the fiscal year in progress. The BRF is authorized under CGS Sec. 4-30a.

Carry Forward: appropriated dollars that agencies did not spend during the fiscal year and are permitted to "carry forward" for expenditure into the next fiscal year. The amount and use of the funds is referenced in statute (e.g., CGS Sec. 4-89), or in other legislation.

Current Services: the amount required to provide the same level of services in the succeeding fiscal year as in the current fiscal year plus any scheduled or required changes. Scheduled changes include annualization of partial year costs and increases based on current law; required changes include an adjustment for inflation and caseload increases.

Deficiency Appropriation: a supplemental appropriation made for an agency based on a need for increased funding during a fiscal year.

Deficit: a budget deficit occurs when more money is projected to be spent than is projected to be taken in during a fiscal year. The opposite of a budget deficit is a budget surplus. The term deficiency is used to describe a shortfall in a specific account/agency.

Equipment: one of the major categories of accounts (i.e., Personal Services, Other Expenses, etc.). Equipment includes machinery, tools, furniture, vehicles, apparatus, etc., with a value greater than \$1,000 and a useful life of more than one year. Also included are all books, regardless of cost, purchased for the State Library and other agency libraries where the library is a separate operating division or unit.

Encumbrances: funds from requisitions and purchase orders that have been committed for the account, but have not yet been invoiced.

Expenditure: funds committed to be paid for a particular service or goods rendered.

Federal Grants: funds made available to the state by the federal government in order to reimburse the state for specific expenditures or to encourage specific programs or projects.

Fiduciary Funds: assets held when the state serves as an agent for individuals or government units. In the future, assets within these funds will be transferred to other state funds or to sources outside the state (e.g. various retirement funds).

Finance Advisory Committee (FAC): a joint legislative-executive body; composed of the Governor, Lieutenant Governor, Treasurer, Comptroller, two Senate members and three House members of the Appropriations Committee. The committee's main task involves approving the transfer of funds between accounts within an agency. The committee meets on the first Thursday of every month, or as needed during the legislative session.

Fiscal Year (FY): for state government, the twelve month period from July 1st through June 30th, at the end of which books are closed in order to determine the state's financial condition and the net results of its operations. The federal government's fiscal year begins on October 1st and runs through September 30th.

Fixed Charge or Grant: payments to institutions, agencies, individuals or undertakings that do or do not function directly under state control. Fixed charges are divided into either Payments to Other Than Local Governments (Grants - Other) and Payments to Local Governments (Grants - Local or Town Grants).

Fringe Benefits: benefits for state employees that are budgeted separately from Personal Services. Fringe benefits include: pensions, unemployment compensation, health and life insurance, social security. For the General Fund and the Special Transportation Fund (the state's two largest appropriated funds), fringe benefits are budgeted centrally within the

Miscellaneous Accounts administered by the Comptroller. For other funds, fringe benefit costs are budgeted as accounts within the specific agency budget. Vacation and Sick time while commonly considered fringe benefits are not part of this budget category and are accounted for in the Personal Services account.

Function of Government: the budget document is separated into eleven categories: Legislative; General Government; Regulation and Protection; Conservation and Development, Health and Hospitals; Transportation; Human Services; Education, Museums and Libraries; Corrections; Judicial; and Non Functional. Non-Functional includes those accounts that do not automatically fit into one of the other categories of government such as Debt Service, the central Workers' Compensation account, and a number of Miscellaneous Appropriations Administered by the Comptroller.

Fund: an independent financial and accounting entity. It has a self-balancing set of accounts and records, cash and other financial resources. Monies within the fund share a common purpose or objective in accordance with special regulations, restrictions, or limitations.

Funded Positions: see Position-related definitions (below)

General Fund(GF): the main operating fund of the state government that is used to finance the majority of the operations of the state. The fund receives income from taxes, federal aid, licenses, permits and fees and is operated according to a budget plan adopted by the General Assembly.

Governor's Budget: the financial recommendations of the Governor that are contained in a budget document and presented to the General Assembly for action. The State of Connecticut uses a biennial budget process. In the first year the Governor's budget covers a two year period.

Governor's Recommended Budget Revisions: midterm (mid-biennial) adjustments made to the second year of the biennium budget, as proposed by the Governor for action by the Legislature.

Grant Payments to Towns: payments to Connecticut's towns and cities for a specified purpose or reimbursements for expenses already incurred. Education grants make up the largest portion of these payments. It should be noted that these payments are made to the towns, not to the Boards of Education or other local subsidiary bodies.

Grant Payments Other Than to Towns: state obligations that are not part of an agency's operating budget. (e.g. Temporary Assistance to Needy Families (TANF), Medicaid, and payments to the Teachers' Retirement Fund).

Holdback: the amount of appropriation retained/not allotted (i.e., "held back") by the Office of Policy and Management to achieve the amount of overall General Fund savings assumed in

the operating budget adopted by the General Assembly. Also referred to as a “forced lapse,” “budgeted lapse” or allotment reduction.

Implementer Bills also, Enabling Legislation: a series of bills that describe how budgeted funding is to be spent. Many times the budget will contain the necessary funding for a program but it will not contain the necessary statutory changes to enable the program to function as intended. Therefore, separate implementing legislation (implementers) is needed.

Internal Service Funds: funds used for the financing of goods or services provided by one department or agency to other departments or agencies of the state, or to other governmental units, on a cost-reimbursed basis. The Internal Service Funds are: (1) the Correction Industries Fund, (2) the Technical Services Fund, (3) the General Services Fund, and (4) the Capital Equipment Data Processing Fund.

Lapse: appropriated funds that (1) an agency does not or cannot spend by the end of the fiscal year and (2) are not carried forward into the next fiscal year. A lapse may be naturally occurring (the funding available is more than is needed), or may be a “budgeted” or “forced” lapse, which is programmed in the budget in order to achieve savings.

Legislative Revised Appropriation: midterm adjustments made by the General Assembly to the budget during the second year of the biennium.

Line Item: a single account listed in the appropriations bill that provides funding for a specific type of expenditure. Examples include Personal Services, Other Expenses, Other Current Expenses and Equipment.

New or Expanded Services: changes which represent policy decisions that have been made to expand current services or provide new services. Increases in revenue may or may not be associated with these changes.

Office of Policy and Management (OPM): the executive branch budget office, established in 1977. OPM develops forms and instructions to be used by state agencies in submitting their budget requests. It also works closely with the Governor in developing the budget for presentation to the legislature by implementing and monitoring execution of the budget as adopted by the General Assembly. OPM is composed of 8 divisions that report to the Office of the Secretary: (1) Administration, (2) Budget and Financial Management, (3) Criminal Justice Policy and Planning Division, (4) Finance, (5) Intergovernmental Policy, (6) Labor Relations, (7) Policy Development and Planning, and (8) Transportation Policy.

Operating Budget: an itemized listing of estimated or intended expenditures for a given period along with proposals for financing them.

Other Current Expenses (OCE): appropriations that are made for a specific purpose or program. OCE appropriations can only be spent on PS, OE, Equipment or Fixed Charges for that purpose or program.

Other Expenses (OE): one of the three major categories of accounts (i.e., Personal Services, Other Expenses and Equipment). OE is comprised of Contractual Services, Commodities and Sundry. *Contractual Services* are considered compensation for services secured by contract. *Commodities* refer to all supplies, materials and equipment not normally regarded as capital items. *Sundry charges* include all expenditures not properly assignable to other standard accounts.

Personal Services (PS): one of the three major categories of accounts (i.e., Personal Services, Other Expenses and Equipment). PS is used for actual direct payroll costs. For example: full-time, part-time and temporary employee salaries, overtime, payments for vacation and sick leave, longevity and shift differential. Fringe benefits are not included here.

Policy Changes: a shift in direction or the course of action for a program or adopted legislation, or the set of principles on which they are based.

Position-related definitions:

- Authorized positions: the maximum number of permanent full-time staff positions that the agency is permitted to establish and fill. Under Section 60 of PA 09-3 of the June Special Session (the appropriations act), no agency can exceed the number of positions shown on the agency's budget sheet, except upon the recommendation of the Governor and the approval of the Finance Advisory Committee (although the constituent units of the State System of Higher Education are exempted from this provision).
- Funded positions: the number of full-time positions that could be filled by an agency during the fiscal year without incurring a deficit or surplus: (1) after turnover is taken into account, and (2) provided that all other Personal Services items are expended as budgeted.
- Unfunded positions: authorized positions for which no funding has been provided from an appropriated fund.
- Split-funded positions: authorized positions for which funding is provided from multiple sources.
- Filled positions: staff positions occupied by employees.
- Vacant positions: unoccupied positions.
- Full-time positions: positions for which the assigned time is equal to 40 hours² per week, 52 weeks per year.
- Part-time positions: positions for which the assigned time is less than 40 hours per week, 52 weeks per year.

² The 40-hour figure reflects the current standard for non-union Connecticut state employees. The standard for some bargaining units is 35 hours per week.

- Durational employees: employees whose job agreement that they will be employed for specific time period. The time period is often linked to a specific program or project.
- Full-time equivalent (FTE) positions: A way of measuring workers' hours that reflects the total number of positions an agency would have if all employees worked a full-time schedule. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time.

Program Budget: an estimate of proposed expenditures expressed as major programs of sub-programs of the budgeted agencies and the means of financing them. This includes program objectives, description of program, performance measures, and an explanation of significant program changes requested and recommended.

Program and Outcome Measures: these measures quantify the key aspects of program performance such as workload, output, outcome, client/employee ratios, response times, etc.

Reallocations or Transfers: the movement of funds from one expenditure category to another. Reallocations may include: (1) the redirection of resources within an agency, which generally indicates a new programmatic direction, (2) transfers from one agency to another, which may be associated with a consolidation of the agencies, and (3) transfers from one fund to another, for example between the General Fund and the Special Transportation Fund.

Recommended Significant Changes: changes in the Governor's recommendations from the prior year's estimated budget. Any change of a significant nature is delineated here. Changes have been grouped into one of four categories: (1) Within Current Services; (2) Reductions to Current Services; (3) Reallocations or Transfers; and (4) New or Expanded Services.

Reimbursement: cash or other assets received in order to repay the cost of work or services rendered, or other expenditure made on behalf of another governmental unit, fund or department.

Rescission: cancellation of the authority to expend money previously approved by the Governor. The Governor is permitted to reduce state agency allotments by up to: (1) 3% of the total appropriation from any fund or (2) 5% of any line-item appropriation. As part of a deficit mitigation plan to address the Comptroller's projected deficit of more than 1% of General Fund appropriations, the Governor may seek Finance Advisory Committee approval to reduce total appropriations from any fund by up to 5%. The Governor is granted rescission authority under CGS Sec. 4-85.

Results Based Accountability (RBA): a methodology to evaluate state agency programs in conjunction with the budgeting process. Specifically, RBA focuses on the effectiveness of program administration and the extent to which selected programs contribute to the well being of the state's population.

Revenue: cash paid to or collected by the state. Connecticut receives revenue from a variety of sources, including: (1) state taxes, such as the sales tax and the income tax, (2) federal grants and payments, (3) licenses, permits and fees, and (4) Indian Gaming Payments from Foxwoods and the Mohegan Sun casinos.

Special Revenue Fund: any fund that can only be used only in accordance with specific regulations. Special revenue funds are created by law to finance particular activities with revenue from specific taxes or other sources. Examples of such funds include the Special Transportation Fund, the Soldiers, Sailors and Marines Fund, the Regional Market Operating Fund, and Higher Education Tuition Funds.

Special Transportation Fund (STF): the operating fund of the State Transportation Department and the State Motor Vehicle Department. The STF funds the ordinary, everyday operations of these agencies, including fringe benefits for employees and debt service costs on Special Tax Obligation (STO) bond, which are used to fund road and bridge improvement projects.

Spending Cap: The cap on general budget expenditures, which was passed in 1991, specifies that expenditures may not exceed prior year spending by more than a given percentage³. The cap calculation exempts: (1) debt service expenditures, (2) grants to distressed municipalities in effect on July 1, 1991, (3) the first year of spending on court orders and federal mandates, and (3) transfers to the Budget Reserve Fund. The cap can only be exceeded if: (a) the Governor declares emergency or extraordinary circumstances and (b) three-fifths of the General Assembly vote to do so.

Surplus: a budget surplus occurs when an entity takes in more money than it spends during a fiscal year. A projected surplus occurs before the year ends. An actual surplus occurs after the state's books are closed. The opposite of a budget surplus is a budget deficit.

Turnover: a net adjustment made to the Personal Services account that reflects: (1) the natural reduction made to an agency's payroll due to the loss of employees through voluntary separation, retirements, deaths and transfers and (2) payroll increases due to the introduction of new employees.

³ The percentage is the greater of: (1) the average percentage increase in personal income over the preceding 5 years as determined by the U.S. Bureau of Economic Analysis or (2) the percentage increase in inflation during the preceding twelve months as determined by the U.S. Bureau of Labor Statistics.

THE STATE BUDGET PROCESS

Overview: The State of Connecticut uses a biennial budget process. In odd-numbered years (2009, 2011), the Governor presents a recommended budget for the next two years at the beginning of February⁴. The Governor's budget recommendations are formulated by the Office of Policy and Management (OPM). In even-numbered years (2010, 2012), the Governor reports on the status of the biennial budget and makes recommendations for revisions and adjustments if they are needed. The state's fiscal year runs from July 1 through June 30.

Budget Formulation: The process begins in July when OPM sends instructions to agencies to prepare: (1) a current services funding level and (2) a list of options for expenditure or revenue changes above or below the current services level. From September through October, OPM budget analysts review requests and prepare recommendations. The Governor and the Secretary of OPM review the recommendations and make adjustments.

In February the Governor presents to the legislature: 1) a budget message; 2) recommendations for appropriations (spending) for every agency; 3) revenue projections; 4) drafts of the appropriations, bonding and revenue bills that implement the recommendations; and 5) a report on the state's economy.

Governor Malloy will present his recommended 2011-2013 budget on February 16, 2011.

The Appropriations Committee begins its review of the Governor's recommendations by holding public hearings on each agency's budget. This is followed by work sessions⁵ with subcommittee members, agency heads and staff members from the Office of Fiscal Analysis (OFA). The purpose of these sessions is to produce recommendations that are presented to the Appropriations chairs, who decide what will be included in the final version that is voted on by the committee.

The JF deadline for the Appropriations Committee is April 26, 2011.

Final Budget: In the last several years, the last step in the process occurs when the chairs of the Appropriations Committee work with House and Senate leaders, usually in consultation with the Governor's Office and OPM, to develop final version of the budget bill. Both chambers vote on the final version and if it is approved it goes to the Governor to be signed.

The budget bill is called the appropriations act after it is signed by the Governor. The legislature also passes several other bills called implementers that describe how funding is to be spent and how cuts are to be made. There are often three implementer bills: (1) general government, (2) human services and (3) education. Sometimes more implementer bills are needed.

⁴ The Governor is responsible for: (1) recommending a balanced budget to the legislature and (2) executing the budget passed by the legislature.

⁵ The Appropriations Committee has sub-committees that review the budgets of agencies grouped by function of government.

State Agencies listed by Appropriations Subcommittee	
Agency Name	OFA analyst
<u>Conservation and Development (CON)</u>	
Agricultural Experiment Station	Marcy Picano
Commission on Culture and Tourism	Kerry Kelley
Council on Environmental Quality	Marcy Picano
Department of Agriculture	Marcy Picano
Department of Economic and Community Development	Evelyn Arnold
Department of Environmental Protection	Marcy Picano
Labor Department	Kerry Kelley
Office of Workforce Competitiveness	Kerry Kelley
<u>Judicial and Corrections (COR)</u>	
Child Protection Commission	Steve Hunt
Criminal Justice Commission	Steve Hunt
Department of Correction	Joan Soulsby
Division of Criminal Justice	Steve Hunt
Judicial Department	Steve Hunt
Judicial Review Council	Steve Hunt
Judicial Selection Commission	Steve Hunt
Office of the Victim Advocate	Steve Hunt
Public Defender Services Commission	Steve Hunt
State Marshal Commission	Steve Hunt
<u>General Government A (GGA)</u>	
Board of Accountancy	Phoenix Young
Contracting Standards Board	Jennifer Proto
Elections Enforcement Commission	Phoenix Young
Freedom of Information Commission	Phoenix Young
Governor's Office	Phoenix Young
Lieutenant Governor's Office	Phoenix Young
Miscellaneous Appropriation to the Governor	Phoenix Young
Office of State Ethics	Phoenix Young
Office of the Child Advocate	Phoenix Young
Secretary of the State	Phoenix Young
State Insurance and Risk Management Board	Rachel Welch
State Properties Review Board	Linda Miller
<u>General Government B (GGB)</u>	
Attorney General	Alan Shepard
Department of Administrative Services	Jennifer Proto
Department of Information Technology	Alan Shepard
Department of Public Works	Linda Miller
Department of Revenue Services	William Lederman
Division of Special Revenue	William Lederman
Gaming Policy Board	William Lederman
Office of Policy and Management	Kerry Kelley
Office of the Claims Commissioner	Alan Shepard
Reserve for Salary Adjustments	Holly Williams
State Comptroller	Jennifer Proto

State Agencies listed by Appropriations Subcommittee	
Agency Name	OFA analyst
State Comptroller - Fringe Benefits	Jennifer Proto
State Comptroller - Miscellaneous	Jennifer Proto
State Treasurer	Linda Miller
State Treasurer - Debt Service	Linda Miller
Workers' Compensation Claims - Department of Administrative Services	Jennifer Proto
<u>Higher Education (HIE)</u>	
Charter Oak State College	Alan Shepard
Connecticut State University	Alan Shepard
Department of Higher Education	Sarah Bourne
Regional Community - Technical Colleges	Alan Shepard
University of Connecticut	Alan Shepard
University of Connecticut Health Center	Neil Ayers
<u>Human Services (HSR)</u>	
Board of Education and Services for the Blind	Christina Gellman
Children's Trust Fund Council	Neil Ayers
Commission on Children	Marcy Picano
Commission on the Deaf and Hearing Impaired	Christina Gellman
Department of Children and Families	Rachel Welch
Department of Social Services	Neil Ayers
Soldiers, Sailors and Marines' Fund	Evelyn Arnold
State Department on Aging	Neil Ayers
<u>Health and Hospitals (HTH)</u>	
Department of Developmental Services	Christina Gellman
Department of Mental Health and Addiction Services	Emily Shepard
Department of Public Health	Rachel Welch
Department of Veterans' Affairs	Evelyn Arnold
Office of Health Care Access	Rachel Welch
Office of the Chief Medical Examiner	Rachel Welch
Psychiatric Security Review Board	Emily Shepard
<u>Legislative (LEG)</u>	
African-American Affairs Commission	Marcy Picano
Asian Pacific American Affairs Commission	Marcy Picano
Auditors of Public Accounts	Marcy Picano
Commission on Aging	Marcy Picano
Latino and Puerto Rican Affairs Commission	Marcy Picano
Legislative Management	Marcy Picano
Permanent Commission on the Status of Women	Marcy Picano
<u>Elementary and Secondary Education (LOE)</u>	
Department of Education	Sarah Bourne
Regional Vocational-Technical School System	Sarah Bourne
State Library	Alan Shepard
Teachers' Retirement Board	Christina Gellman

<u>Elementary and Secondary Education (LOE)</u>	
Board of Firearms Permit Examiners	Evelyn Arnold
Commission on Fire Prevention and Control	Evelyn Arnold
Commission on Human Rights and Opportunities	Phoenix Young
Department of Banking	Alan Shepard
Department of Consumer Protection	Alan Shepard
Department of Emergency Management and Homeland Security	Evelyn Arnold
Department of Public Safety	Evelyn Arnold
Department of Public Utility Control	Phoenix Young
Insurance Department	Neil Ayers
Military Department	Evelyn Arnold
Office of Consumer Counsel	Phoenix Young
Office of Protection and Advocacy for Persons with Disabilities	Phoenix Young
Office of the Healthcare Advocate	Neil Ayers
Police Officer Standards and Training Council	Evelyn Arnold
Workers' Compensation Commission	Jennifer Proto
<u>Transportation (TRA)</u>	
Department of Motor Vehicles	Felix Planas
Department of Transportation	Felix Planas